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work in progress

Progress is change for the better. The work FHLBank Pittsburgh carries out – in partnership with member financial institutions, nonprofit groups and local governments – promotes progress in local communities. While FHLBank invests critical dollars in neighborhoods across the region, that's not the end of it. An ever growing set of programs and initiatives promotes community capacity, enhances financial literacy and homebuyer education, and expands the circle of relief available to families trying to stave off foreclosure. That's what work in progress is all about.

work in progress

An Enduring Commitment

Progress is often something you don't realize you've made until after you've made it. So it is with leaders in government, business and the nonprofit sector who work – often against improbable odds and with minimal resources – to better the communities they serve. Only later do they see the real fruits of their labor.

We at FHLBank Pittsburgh work together with our member banks and our community investment partners for the betterment of communities, knowing that progress doesn't happen overnight. It's rooted in a past of planning and in wisdom gained through experience. It's moved forward by effort and determination. It's guided by optimism and a vision for the future. Make no mistake: working for progress is an enduring commitment.

In 2008, FHLBank's community investment programs posted banner years: record Affordable Housing Program funding, record First Front Door commitments (both in dollars and in homebuyers helped), strong Banking On Business usage. In all, FHLBank committed nearly \$39 million in funding through those three programs, while

financing \$245.6 million more in Community Lending Program loans.

While the core programs were performing as planned, a number of key initiatives went to work as well. Blueprint Communities extended its footprint into Delaware, training leaders and building capacity in nine more resurgent communities. My Money, My Life finished year four of a five-year program, still on track to educate more than 1,000 young people in financial literacy. Launched in the second half of 2008, the Relief Pitchers foreclosure mitigation effort engaged hundreds of civic leaders to take on the daunting task of reaching out to troubled homeowners with information and hope.

Looking at 2009, despite a difficult year for the financial sector thus far, opportunities to work for progress still exist. While the uncertain economy has caused the curtailment of FHLBank's community investment funding, the Affordable Housing Program, Banking On Business and the Community Lending Program remain open for business.

Additionally, we are using all available resources to explore new and enhanced initiatives, as well as options to assist member banks in expanding their community-related lending and investing, which will lay the groundwork for progress in this and coming years.

As we have for 77 years, we at FHLBank, our Board of Directors and our Affordable Housing Advisory Council are resolute in our intention to work with our partners

to champion housing and community investment, to research needs and use available dollars wisely, and to find innovative ways to help neighborhoods all across the district. It's a commitment we believe will endure the challenges of today, one that will, in time, show progress – progress we can see, progress we can measure – in the communities we serve.



Glenn R. Brooks
Chair, Affordable
Housing Advisory
Council, and Senior
Vice President
of Leon N. Weiner &
Associates, Inc.

Rev. Luis A. Cortés Jr.
Chair, Community
Investment & Public
Policy Committee
of the Board, and
President, Esperanza
Associates, Inc.

John R. Price
President & Chief
Executive Officer,
FHLBank Pittsburgh

Blueprint Communities



“Blueprint Communities provided what we needed to cultivate change. ERC is planting the seeds of cooperation, respect and commitment within local residents. Soon, Edgemoor Gardens will blossom into a spectacular community!”

Cheri Whitney
President & Team Leader
Edgemoor Revitalization Cooperative, Inc.

work in progress

Residents of Edgemoor Gardens in Wilmington, Delaware, had long known of their community's challenges with crime, deteriorating properties and declining morale. But it took a resolute effort by a number of concerned citizens to begin the process of turning things around. After participating in the Blueprint Communities initiative, the Edgemoor Revitalization Cooperative now has a clear plan and plenty of momentum to carry Edgemoor Gardens forward on the path to renewal.

FHLBank Pittsburgh's Blueprint Communities initiative helps build capacity in neighborhoods seeking to revitalize. Begun in 2005 with 22 Pennsylvania communities, and expanded to 10 communities in West Virginia in 2007, Blueprint Communities debuted in Delaware in 2008 with 14 program partners and sponsors.

More than 70 stakeholders from nine communities across Delaware participated in training provided by the University of Delaware's Center for Community Research & Service. Communities developed plans for revitalization,

cultivated relationships with funders and began the process of involving other key stakeholders in their efforts. The Delaware Community Investment Corporation added \$100,000 in grant funding to help communities get their plans off the ground.

While success in Delaware may be right around the corner, in Pennsylvania and West Virginia, the fruits of Blueprint Communities efforts can be seen every day. Business districts are getting new life, affordable housing projects are going up, community activities are blossoming, and a new sense of hope and vibrancy abounds in neighborhoods touched by the Blueprint Communities initiative.

Blueprint Communities shows how progress can be achieved by building capacity in leaders and neighborhood organizations. When local governments, nonprofits and businesses work together to establish solid foundations on which to build, there's almost nothing they can't accomplish.



"For Edgemoor Gardens, the Blueprint Communities initiative was the right strategy at the right time. We're seeing the community embrace the idea that, with hard work, measurable progress will result."

Joe Westcott
Edgemoor Gardens Team
Member & Special Assets Lead
ING DIRECT

Relief Pitchers



“Once we got over our fear and sought the help we needed, we felt a very big sigh of relief. Our problems weren’t created overnight, but we can work with them now.”

Jim and Lois Ahner
Participating Relief Pitchers
Dingmans Ferry, PA

When Jim and Lois Ahner of Dingmans Ferry, Pennsylvania, were faced with home foreclosure, they found the first step to be the hardest – admitting they needed help. But once they did, the next steps were significantly easier. The Ahners got in touch with a housing counselor, who helped them work with the mortgage company to lower their interest rate and spread out their payments. Now they're back on track to paying off their mortgage.

The Ahnerts were just the kind of family targeted by FHLBank Pittsburgh's Relief Pitchers initiative. Introduced in the last half of 2008, Relief Pitchers events were designed in concert with the Housing Finance Agencies of both Pennsylvania and Delaware to combat foreclosures in areas worst hit by the housing crisis.

The events gathered together influencers from all areas of civic life – business heads, government officials, nonprofit directors, religious leaders – to offer training and encouragement in helping families avoid foreclosure. Events held in Dover, Erie, Pittsburgh and Wilmington brought hundreds of civic leaders to the table, each of whom was asked to return to their communities and spread the word to groups and individuals within their sway.

Homeowners are still experiencing the ripple effect created by Relief Pitchers as more and more families in crisis learn about what they can do to stave off foreclosure. Early in 2009, FHLBank Pittsburgh added financial strength to this initiative by introducing the Mortgage Relief Fund, a pool of available dollars to assist in homeowner refinancing, addressing problem mortgages before they reach foreclosure.

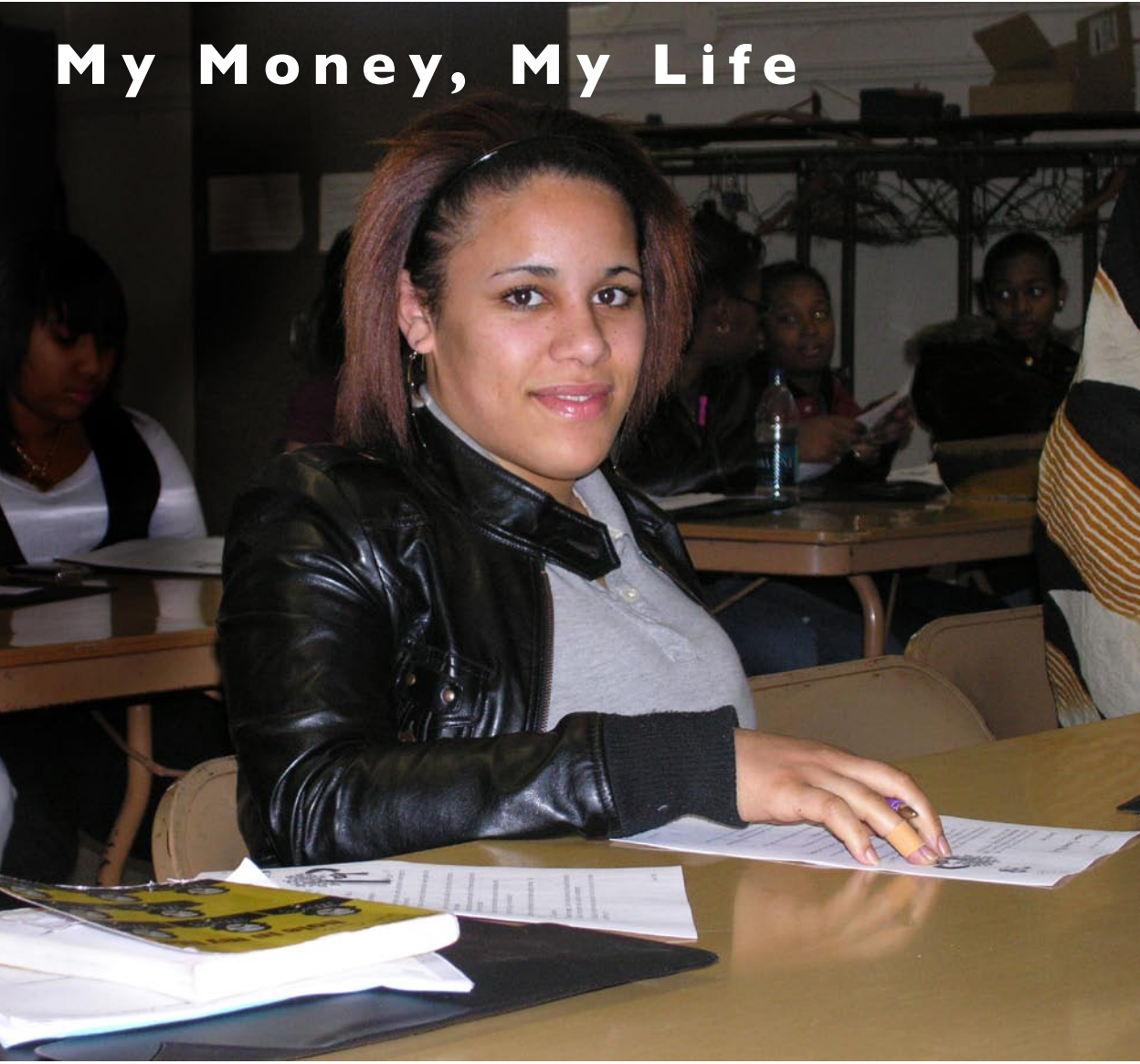
Relief Pitchers shows how progress can be achieved by expanding partnerships to include all essential stakeholders. When input, support and action are shared by the broader community, progress is bound to follow.



“The Relief Pitchers events served the important purpose of spreading the news to homeowners facing foreclosure. By arming a few trusted community leaders with key messages, we let hundreds of at-risk homeowners know that hope is within their grasp.”

Karen Speakman
Deputy Director
National Council on Agricultural
Life and Labor Research, Inc.

My Money, My Life



“I’d definitely recommend My Money, My Life to someone else. It’s really helped me understand how to save money, take advantage of loans and avoid fraud.”

Miranda Brown
Participating Student
My Money, My Life

work in progress

Candice Hudson, 18, of McKees Rocks wanted to discover better ways to save money and avoid the dangers of fraud. Miranda Brown, 16, of Pittsburgh's Northside hoped to learn money management skills, including how to take out a loan. Both of these young people graduated from My Money, My Life workshops – and both came away feeling the program was extremely valuable to their financial well-being.

Candice and Miranda are just two of more than 800 young people educated to date through the free, community-based My Money, My Life initiative, created in 2005 by FHLBank Pittsburgh and administered by NeighborWorks Western Pennsylvania. Held at convenient locations after school, the classes instruct young adults aged 16 to 19 in the basics of setting financial goals, understanding credit, appreciating risk, saving and investing, and avoiding predatory lenders, among other topics.

My Money, My Life is actively supported by eight area financial institutions. In 2008, a total of 194 young people in Allegheny County graduated from

My Money, My Life classes. As in the three prior years, 2008 graduates displayed a significantly enhanced understanding of financial concepts and skills.

2009 marks the last year of a five-year plan to educate at least one thousand young people in financial matters. The initiative is on track to meet that number, while also offering advanced money management classes to hundreds more. To date, the initiative has been local to Allegheny County, but it can serve as a reliable model for other communities wishing to duplicate the initiative's success.

My Money, My Life shows how progress can be achieved through financial literacy. When young people achieve healthy money management habits, they become empowered to make positive financial decisions for their futures.



“My Money, My Life is a wonderful opportunity for community organizations and businesses to fill the void that currently exists in financial literacy.”

Robert Carter
My Money, My Life
Instructor and
Office Manager,
Lawrenceville Branch
First Commonwealth Bank

2008 Community Investment At-A-Glance

In 2008, FHLBank's community investment programs and initiatives promoted progress in communities and helped record numbers of families and individuals across the region achieve their goals and realize their dreams. In addition to initiatives featured on prior pages, here are selected highlights of the year:

New Community Investment Enrollment Totals 25

A total of 25 members – or nearly 8% – enrolled to use FHLBank's community investment programs and initiatives for the first time in 2008. Whether it was steering an Affordable Housing Program application through a funding round or signing up to use Banking On Business to assist small businesses, trying to put a first-time homebuyer in a new home with First Front Door or financing a community project with the Community Lending Program, member banks showed they're ready to work for progress in communities all across the region.



FFD Surpasses Previous Funding Marks

Once again, FHLBank Pittsburgh's First Front Door program bested all previous years by funding more than \$7.37 million in 2008. With mortgage officers at member banks taking the lead, a total of 1,608 first-time homebuyers received down payment and closing cost assistance through the program. FFD has now distributed more than \$32 million in funding since 1997.

Pilot Homeowner Rehabilitation Program Completed

In 2008, the Pilot Homeowner Rehabilitation Program saw its mission carried out. Seven sponsoring organizations distributed nearly one million dollars in FHLBank funding to eight neighborhood revitalization projects. The funding provided housing repair and rehabilitation assistance to 85 low-income homeowners.

AHP Funding Bests Prior Years

The Affordable Housing Program followed up a record year in 2007 with an even bigger one in 2008. FHLBank Pittsburgh committed more than \$23 million in grants to 55 projects in 2008, with development costs totaling nearly \$450 million. Made through member banks, the grants will help create 2,292 units of housing. FHLBank Pittsburgh's AHP has now committed more than \$164 million to build or rehabilitate more than 26,000 affordable housing units since 1989.

BOB Usage Again Strong

The Banking On Business program remained strong in 2008, with recoverable assistance disbursements totaling a shade under \$5 million. In all, BOB provided financing through member banks to 54 businesses, preserving or creating 444 jobs in the region. BOB has now provided more than \$36 million in financing to more than 400 businesses since program inception in 2000.



Community Development Investing

FHLBank Pittsburgh's purchase of taxable bonds creates investment in regional community development. In 2008, FHLBank purchased two bonds totaling just over \$197 million from the Pennsylvania Housing Finance Agency. The purchases provided liquidity and interest expense management opportunities to PHFA, which indirectly supported the region's housing market.

2008 Pillars of the Community Awards

The Pillars of the Community Awards honor member financial institutions for outstanding community investment work during the prior calendar year. Pillars Awards typically go to institutions that have achieved notable success in advancing housing for lower-income families and promoting community stability and revitalization throughout the area they serve. The awards are presented annually at FHLBank Pittsburgh's Regional Conferences.

Citizens Bank of Pennsylvania Philadelphia, PA

Citizens Bank has provided millions in innovative financing for job training and small businesses, social and human services, neighborhood improvement and economic development – all across its footprint. An active user of FHLBank Pittsburgh's community investment programs, Citizens Bank made more than 100 grants to first-time homebuyers through the First Front Door program in 2007. Also in 2007, Citizens sponsored seven AHP applications, benefiting from nearly \$2.4 million in AHP funds.

In recognition of this award, FHLBank Pittsburgh made a donation of \$1,000 to the Homeownership Counseling Association of Delaware Valley.

Columbia County Farmers National Bank Bloomsburg, PA

CCFNB (now First Columbia Bank & Trust Co.) routinely takes advantage of a wide variety of FHLBank's community investment programs. In 2007, CCFNB saw completion of a special needs residence for at-risk mothers and families suffering abuse, made possible with AHP funding. CCFNB also used the BOB program to help small businesses, while FFD grants provided assistance to first-time homebuyers. Since 2005, CCFNB has been actively engaged in the Blueprint Communities initiative as a participating member of the Berwick community team.

In recognition of this award, FHLBank Pittsburgh made a donation of \$1,000 to the Millville Community Park.



**First National Bank of
Pennsylvania**

Hermitage, PA

Over the years, FNB of PA has put FHLBank's community investment programs to good use. In 2007, FNB saw completion of two affordable housing projects, both of which were assisted with AHP funds. FNB also created the Family Home Ownership Program, which takes advantage of grants from the FFD program to assist

first-time homebuyers with down payments and closing costs. FNB's Family Home Improvement Rehabilitation Program provides financing for first-time homebuyers as well.

In recognition of this award, FHLBank Pittsburgh made a donation of \$1,000 to the F.H. Buhl Park Foundation.

2008 Affordable Housing Advisory Council's Award

Each year, FHLBank's Affordable Housing Advisory Council selects an individual who demonstrates a lifelong commitment to affordable housing and whose career leadership has achieved important and lasting results in the community.



Ed Wielgus,

Senior Vice President
Farmers & Merchants Bank of
Western Pennsylvania
Kittanning, PA

Financial Highlights

Affordable Housing Program

(dollars in thousands)	2008	2007	2006	2005	2004
Total subsidies awarded	\$23,075	\$17,850	\$14,661	\$10,370	\$4,817
Number of housing units	2,292	2,112	1,974	1,401	765
Total development supported	\$448,251	\$302,347	\$251,658	\$181,470	\$67,864

Banking On Business

(dollars in thousands)	2008	2007	2006	2005	2004
Total funds committed	\$7,022	\$7,070	\$6,636	\$3,000	\$4,376
Total amount funded	\$4,999	\$6,200	\$5,126	\$4,884	\$2,482
Businesses funded	54	60	48	50	25
Jobs preserved/created	444	609	517	662	423

Community Lending Program

(dollars in thousands)	2008	2007	2006	2005	2004
Total refinance and new project development loans	\$245,662	\$307,723	\$142,319	\$107,255	\$81,888
Total balances outstanding	\$604,040	\$445,099	\$420,755	\$364,028	\$305,033

First Front Door

(dollars in thousands)	2008	2007	2006	2005	2004
Total amount allocated	\$6,590	\$6,052	\$4,675	\$2,680	\$770
Homebuyers enrolled	1,755	1,639	1,226	377	546
Total amount disbursed	\$7,371	\$6,535	\$4,064	\$586	\$960
Homeowners funded	1,608	1,469	978	213	343

*Prior to 2006, First Front Door was named the Home Buyer Equity Fund.

Community Investment Assistance

FHLBank Pittsburgh's Community Investment Department staff is available to provide financial institutions, community-based organizations and affordable housing developers with assistance in the following areas:

Community Investment Department Application Assistance

FHLBank offers application assistance to members, community-based organizations or housing developers interested in submitting applications for the AHP, BOB, CLP or FFD programs. Assistance includes complete application reviews – general information and financial documentation, as well as application composition and presentation – and explanations of responsibilities associated with each program.

Project Development

FHLBank can provide technical assistance on project development. This assistance is limited to the project's use of FHLBank's community investment products. Assistance includes complete explanations of how FHLBank products can be used in conjunction with housing and community development projects, consultation on funding structure and overall project enhancement.



Community Development Partnership Building

FHLBank will provide consultation on partnership building as a means to improve the effectiveness and competitiveness of projects. On a case-by-case basis, staff often can direct, advise and engage in strategic partnership building to assist members and housing providers in developing their project.

Effective Use of Community Investment Products and Services

FHLBank will work with members, community-based organizations and housing developers in the strategic use of the Bank's community investment products and services. Securing the funding is only part of the need. The Community Investment Department is available to assist in the overall implementation and strategic use of the various products and services.

Community Investment Programs

FHLBank Pittsburgh offers programs and services designed to meet community investment needs throughout the region. The flexibility of these programs makes it possible to support a wide range of community and economic development projects. By taking advantage of FHLBank's grants and below-market-rate loans, member financial institutions can fund the unique credit needs of their communities and still have a positive impact on their bottom line.

Affordable Housing Program

The Affordable Housing Program (AHP) has been a work in progress for some time now. Since 1990, AHP has funded more than \$164 million and helped build more than 26,000 units of housing in the region. FHLBank Pittsburgh sets aside approximately 10% of its net income for community investment, the lion's share of which is awarded through the AHP program in competitive funding rounds.

Member financial institutions chartered in Delaware, Pennsylvania and West Virginia may apply for AHP funds. Members submit applications on behalf of a project sponsor – typically a nonprofit, local government, housing authority or for-profit housing development organization. Funding goes to projects that provide affordable housing to individuals and families with

incomes at 80% or less of area median income, ensuring housing affordability region-wide.

In 2009, FHLBank Pittsburgh will commit AHP funds in one funding round. The 2009 application deadline is June 4 at 5 p.m. Maximum funding amounts have been reduced to \$250,000 per project, and a "readiness to proceed" category has been added to the scoring criteria.

Community Lending Program

Laying the foundation for progress, the Community Lending Program (CLP) is an \$825 million revolving, noncompetitive source of discounted FHLBank advances. CLP advances have been used for all kinds of community and economic development projects, as well as to match-fund packages of mortgage and small business loans.

CLP advances are available at FHLBank's cost of funds – typically 20 to 40 basis points below FHLBank's regular loan rates. Financial structures, driven by the member, include lines of credit, fixed- and variable-rate loans, fixed rates up to 30 years, a forward rate lock option and permanent, construction or bridge financing.

There are no changes to this program for 2009. Funding is distributed on an as-needed basis.

Banking On Business

FHLBank Pittsburgh works for progress by helping small businesses start up or expand. The Banking On Business (BOB) program funds eligible small businesses with recoverable assistance made on a first-come, first-served basis. Delivered through member financial institutions, each BOB dollar FHLBank contributes will likely leverage an additional \$6 in financial resources for small businesses. Since 2000, BOB has provided more than \$36 million to more than 400 businesses, creating or preserving approximately 5,000 jobs in the region.

For 2009, FHLBank Pittsburgh has made available \$3.5 million in BOB funding. From March 16 through May 15, BOB funds will be reserved for small businesses that meet at least one of the following criteria: (1) any qualified businesses located in or providing economic benefit to a "Blueprint Community," or (2) small business transactions that, in addition to meeting all standard BOB parameters, also meet two other threshold criteria of economic impact:

- Must create or retain at least 10 full-time-equivalent jobs.
- 75% of the project cost must be new money.

If the \$3.5 million is not fully committed to businesses meeting the above criteria by

May 15, 2009, the program will be opened to all normally qualified small businesses beginning May 18, 2009.

First Front Door

For many lower-income families, homeownership is the end goal of work in progress. FHLBank Pittsburgh's First Front Door (FFD) program is designed to help first-time homebuyers at or below 80% of the area median income with down payments and closing costs. To date, FFD has awarded more than \$32 million in funds to more than 8,000 first-time homebuyers in the region.

For every \$1 of participant's savings, FHLBank Pittsburgh provides \$3 in FFD grant assistance, up to a maximum of \$5,000. With a homeownership counseling component central to the program, more first-time buyers are able to both purchase a home and stay in it for as long as they wish.

Unfortunately, due to funding constraints, the First Front Door program will not be offered in 2009. FHLBank Pittsburgh is committed to reinstating the program when financial conditions allow it.

For more information on community investment programs, visit the Housing & Community page of FHLBank's web site at www.fhlb-pgh.com, or call the Community Investment Department at 1-800-288-3400, x2826.

2009 Affordable Housing Advisory Council



L-R: Fred Banuelos, Christopher Gulotta, Mary Hunt-Lieving, Beverly Coleman, Brenda Wells, Joel Johnson, Glenn Brooks, Gloria Guard, Ronald Miller, Penny Eddy, Joseph Yarzebinski, Nathan Yoder.

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Wilmington, DE

Brenda Wells, Vice Chair

Director, Western PA Region
Pennsylvania Housing Finance
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Pittsburgh, PA

Fred Banuelos

Deputy Director
DCED, Governor's Center for
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Lamont McClure

Executive Director
Carbon County Housing Authority
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Ronald Miller

Executive Director
Neighborhood Housing Services
of Greater Berks, Inc.
Reading, PA

Joseph Yarzebinski

Senior Program Director
Rural LISC
Pittsburgh, PA

Nathan Yoder

Executive Vice President
Susquehanna Valley Development
Group
Turbotville, PA

Community Investment Department



L-R: Dorothy Pegdan, Shawnda Gilliard, Terrence Cronin, Ann Killian, David Buches, Laura Kemp-Rye, William Joseph, Gwynn Lind, John Bendel, Linda Kruse, Cathy Rinchetti, Melissa Hauck.

John Bendel
Director

Brent Anderson
Community Development
Specialist

David Buches
Community Investment Manager

Terrence Cronin
CID Manager - Compliance

Shawnda Gilliard
CID Analyst

Melissa Hauck
CID Analyst

William Joseph
Community Investment Consultant

Laura Kemp-Rye
Community Investment Consultant

Ann Killian
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Specialist

Linda Kruse
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Gwynn Lind
CID Programs Manager -
Administration

Dorothy Pegdan
Administrator

Cathy Rinchetti
CID Specialist - AHP

2009 Community Investment & Public Policy Committee of the Board of Directors

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Robert White
Chairman, President & CEO
Abington Bank
Jenkintown, PA

2009 Community Investment Goals

As we seek to lay the groundwork for progress in the coming year, FHLBank Pittsburgh's Community Investment Department is using every available resource to enhance current programs, explore new initiatives and help our members expand their community-related lending and investing. We are committed to the following goals in 2009:

- Introduce members to FHLBank's expanded authority to issue letters of credit for tax-exempt bond projects.
- Increase project-specific CLP funding across the region.
- Modernize the AHP Online system to create better application and reporting efficiency.
- Evaluate discretionary programs and initiatives.
- Explore a financial education initiative in partnership with members.
- Increase members' understanding of community investment opportunities (lending and investing) to expand their participation in community development.



A handwritten signature in dark ink that reads "John Bendel". The signature is fluid and cursive, with the first name being more prominent.

John Bendel
Director,
Community Investment
FHLBank Pittsburgh



Federal Home Loan Bank Building
601 Grant Street
Pittsburgh, Pennsylvania 15219-4455

1.800.288.3400
www.fhlb-pgh.com